

Central Falls Detention Facility Corporation Meeting Minutes
Tuesday, October 25, 2011
Donald W. Wyatt Detention Facility Training Building
935 High Street
Central Falls, RI 02863
6:00 P.M.
TDD/TTY 401-727-7450

A meeting of the Central Falls Detention Facility Corporation was held on the above date; in the Training Building at 6:00p.m.

New Board Member appointed, Frank Tillinghast

- 1) Call to order/roll call.
All Board Members were present. C. Morgan Grefe resigned from her position. Frank Tillinghast has agreed to replace her and is present at tonight's meeting for a short period of time.
- 2) Approval of Minutes 9/14/11 meeting.
Approval was postponed until the next meeting. Minutes were unavailable for review.
- 3) New Business.

A. Third Quarter Financial Report –

Michael Fair, CEO, noted that the report, distributed by Karen Casey, covered the financials was through September 30th.

The operating revenues show a surplus of budget compared to actual of in excess of \$430,000. This does not take into consideration balance sheet transactions, debt payments, or anything alluded to further in the report. The Corporation will continue to face cash shortfalls as long as we have debt to the bondholders.

Chairman Hartford asked what was driving the variance in the revenues. Mr. Fair explained that the revenues were over the budgeted amount due to the Average Daily Population, which was about nine (9) above the 653 count predicted in the budget. Fair added that the current count is down, in the 620's, but the average remained higher due to a few good months. He reiterated that the facility is dependent upon the US Marshals in order to maintain our count. We have no direct impact on the number of inmates that we receive.

Director Tillinghast asked about the percent of detainees that the facility received from the various districts. Mr. Fair said that we have 100% of the Rhode Island business, about 90% of the Connecticut business, and a bit less of the Massachusetts business, due to political ramifications. Tillinghast asked if it was feasible to try to expand the market to other districts, such as New Hampshire, Vermont, Pennsylvania, etc. Fair commented that we had a contract with Vermont, but they had no inmates. He said that we get a low percentage of New Hampshire and Maine because the majority of the inmates were maintained in-state so that the revenues could remain in-state. He added that we'd recently contracted with the Navy to house their prisoners because they'd closed a brig in Connecticut.

Fair pointed out that overtime peaked during the summer when the number of vacancies approached forty. A class of twenty-one Officers graduated on October 7th. They are now on-shift and should help to eliminate the bulk of the Security overtime. The Chairman asked what amount of the \$529,000 overage

was attributed to the overtime. Fair said that we'd paid approximately \$813,000 in overtime this year, but some of that, about \$259,000, was offset by the savings in salaries.

Other direct and administrative expenses for the month of September are over-budget by about \$100,000. This is due to the bill from the bondholders. Attorney Gadaleta-Lynch recommended that further discussion of this topic be continued in Executive session.

Chairman Hartford asked if we had any projections as to what we will save in the fourth quarter as a result of the addition of the twenty-one Officers. Warden Murphy commented that it was too soon to calculate any real savings, but that he looked at overtime numbers on a daily basis and could see that the overtime numbers were steadily dropping with the addition of the new Officers.

Director Adamo asked that the overtime information be included in the monthly report (metrics) that the Warden had committed to providing to the Board.

Director Adamo made a motion to accept the Third Quarter Financial Report; Director St. Pierre seconded the motion; all were in favor; Motion passed.

B. Fiscal 2011 – Amended Budget

Michael Fair, CEO, recounted that, at the last meeting, an amendment to the October budget was approved by the Board. The Board had agreed to look at a similar amendment to November and December at this month's meeting. The reason that we are asking for this increase is due to the outstanding payables and purchase orders for 2011. Because payroll has been above projected amounts this year, there have been occasions when we've been unable to make payment on our payables, so we've had to pick and choose. He went on to point out the factors contributing to the necessity for more operating funds for the months of November and December. Director Tillinghast clarified that the proposed budget increase was for expenses that had already been incurred. Mr. Fair concurred and added that the numbers included expenses incurred or known pending expenses. Director Adamo asked whether the proposed amendment included any additional legal or lobbying fees. Mr. Fair said that we anticipated additional legal and lobbying fees in the amount of \$120,000, based on conversation with the bondholders.

Director Tillinghast pointed out that the amended budget projected revenues in the amount of \$2.3M for the months of October, November, and December. If the population trend were to continue, this would create a shortfall of approximately \$900,000. He asked what impact this would have on the operating budget if these expenditures were to be authorized and paid. Director St. Pierre responded that the current problem was a cash-flow issue. Mr. Fair added that we are only able to ask the Trustee for the amount that is approved by the Board in the budget.

Conversation ensued about the proposed expenditures associated with the revised budget. The facility has no other means of getting funds into its operating account. He, with assistance from Attorney Terry Fracassa then went on to explain how the revenues are distributed by the Trustee.

Director Tillinghast asked Karen Casey to provide the Board with a year-to-date plus proposed expenditures versus the original budget to make the information easier to understand. Hartford said that his concern is how we got into a position where we are almost \$1.5M over budget. He indicated that he needed further information as to the expenses that caused us to become over-budget. Mr. Fair indicated that some of the shortfall was created because operating funds were

used to pay for capital expenditure projects with the expectation that we'd receive these funds from a separate account. Attorney Fracassa explained his role in trying to work with the bondholders to obtain these monies and the subsequent roadblock that he encountered.

Mike Geezil, Consultant to the Board of Directors, then asked for permission to speak to clarify the facility's need for funding. He pointed out that these expenses were already incurred, so that, logically, the Board needed to approve this amendment to the budget. The only way Mr. Fair can get money to pay these bills for expenses already incurred is for the Board to approve a budget increase. He said that researching and reviewing the expenses is a separate issue. He suggested that, going forward the budget should be reviewed quarterly and adjusted based on the actual performance.

Director St. Pierre stressed that he would like to work with the facility on the budget for next year, so that we could arrive at a budget that would work for the whole year and would not have to be revised. Chairman Hartford indicated that the Administration should be able to prepare and present a budget of their own that the Board could then review.

- C. Michael Fair requested the Board's permission to testify as an expert witness for the State of Rhode Island. Chairman Hartford said that he did not have a problem with this request because it would reflect well on the Wyatt.

Motion made by Director St. Pierre to approve Mr. Fair's request to be allowed to testify as an expert witness for the State of Rhode Island; seconded by Director Romanowicz; all were in favor. Motion passed.

4) Old Business.

- A. ACA Accreditation - Warden Murphy reported that, after a thorough review by a team of three auditors, the facility received a rating of 100% on all mandatory and non-mandatory standards. The auditors were highly complimentary of the folders, the cleanliness, and the operations of the facility. The formal presentation will occur at the ACA Winter Conference to be held in January.
- B. Fink property-tax – Attorney Fracassa indicated that he'd been in touch with Andrew Shoals of Shoals & Shoals, who is representing the Finks. Their position is that the facility is responsible for any taxes that are due to the City of Central Falls. To the extent that the City pursues payment of these taxes from them, they would pursue the issue with us. He pointed out to them the language in the contract that indicated that the facility was exempt from certain taxes under the General Laws. Attorney Shoals indicated to Attorney Fracassa that he'll revisit this in a few months, as the taxes were not due until June. Attorney Fracassa said that his position obviously differs from Shoals'. He said at this time, no action is necessary on this matter, but its something to keep abreast of. Chairman Hartford said that since this a potential lien on the property, it is a concern to him.
- C. Director St. Pierre's proposals – Director St. Pierre indicated that he wanted the ability to exert some accounting controls over the Corporation. As Treasurer, he should receive a financial statement every month with a comment of why it's over or under. Chairman Hartford indicated that this would be beneficial for all of the Board Members. Director Adamo indicated that it would be helpful for the Board Members to have this information several days before the Board Meeting, as it would enable them to review the information and come to the meeting prepared with any questions.

Next, he suggested that the facility create a reasonable timeline for the creation and presentation of a monthly financial statement with a variance comment. Chairman Hartford asked whether the facility was able to create such a report. Karen Casey said that the timing of the Board Meetings may not allow her sufficient time to produce such a report. Chairmen Hartford asked that Karen discuss this with Mr. Fair and be prepared to comment on what and when they would be able to produce this information.

Director St. Pierre next recommended that he, as Treasurer, be added as a contact with the bondholders so that he could contact them with any questions that arose. In response to this, Chairman Hartford pointed out that Attorney Fracassa was our point-of-contact with the bondholders. He asked Fracassa if Director St. Pierre could reasonably be included with his interactions with the bondholders. Fracassa said that there were some instances where it might be appropriate for the Treasurer or a Board Member to be included in these meetings. St. Pierre added that he would like to be added as a signer on the facility's bank accounts. He said that there should be a second signature required after a certain dollar amount. He feels that this falls within his role as Treasurer. Attorney Fracassa raised the issue of the Board stepping outside of their roles and taking on more of the day-to-day operation of the facility. He questioned whether a Board member acting in this role would be covered by the insurance. Attorney Gadeleta-Lynch agreed to check with the insurance company to see whether Board members would be covered if acting in this role. The Chairman suggested that this decision be tabled until the next meeting when Director Tillinghast was present to add his input, which he thought would be valuable.

- 5) Reports of the CEO and/or Legal Counsel (as necessary)
No issues discussed.
- 6) Executive Session pursuant to RIGL § 42-46-5 for the following purposes:
 - A. RIGL § 42-46-5(a)(2) and RIGL § 42-46-5(a)(4) for the purpose of reviewing issues regarding litigation; potential litigation; and investigations concerning the Almonte Report; Wayne Salisbury; Ng.
 - B. RIGL § 42-46-5(a)(3) for the purpose of receiving an operational report from the CEO.
- 7) Scheduling of next Board meeting and future agenda items.
Next Meeting: Tuesday, November 15, 2011 @ 6:00pm
- 8) Adjournment.